

REAL ESTATE MARKET NEWS AND COMMENT

BETTER APARTMENTS FOR NO MORE MONEY

Rent Payer Gets Much Greater Value Than He Did Fifteen Years Ago.

RATES ADVANCED LITTLE

Competition Keeps Down Prices and Makes Builders Put Forth Best Efforts.

There never was a time in New York city when people received more for their money than do apartment house dwellers today. During the last few years there has been a loud cry of high rents which have forced thousands of people out of the city and into individual houses in the suburbs. But the facts are that high class apartments do not bring more than 10 per cent. more in rents than they did from ten to fifteen years ago, and the accommodations and service are so overwhelmingly better than they were then that it can be said safely that in comparison with what tenants get they pay less rent now than ever before.

Since the idea was first developed of having great buildings to house many families in suites where they had all the facilities for housekeeping, rents have not been below \$20 a room per month for the best grade, and in some cases where houses were especially well situated as regarded transit facilities and the shopping and theatre section rates were considerably higher, a price of \$30 or \$35 a month a room not having been unusual. For those same prices to-day one can get as fine accommodations as could be desired and better than those provided in many well built modern dwellings.

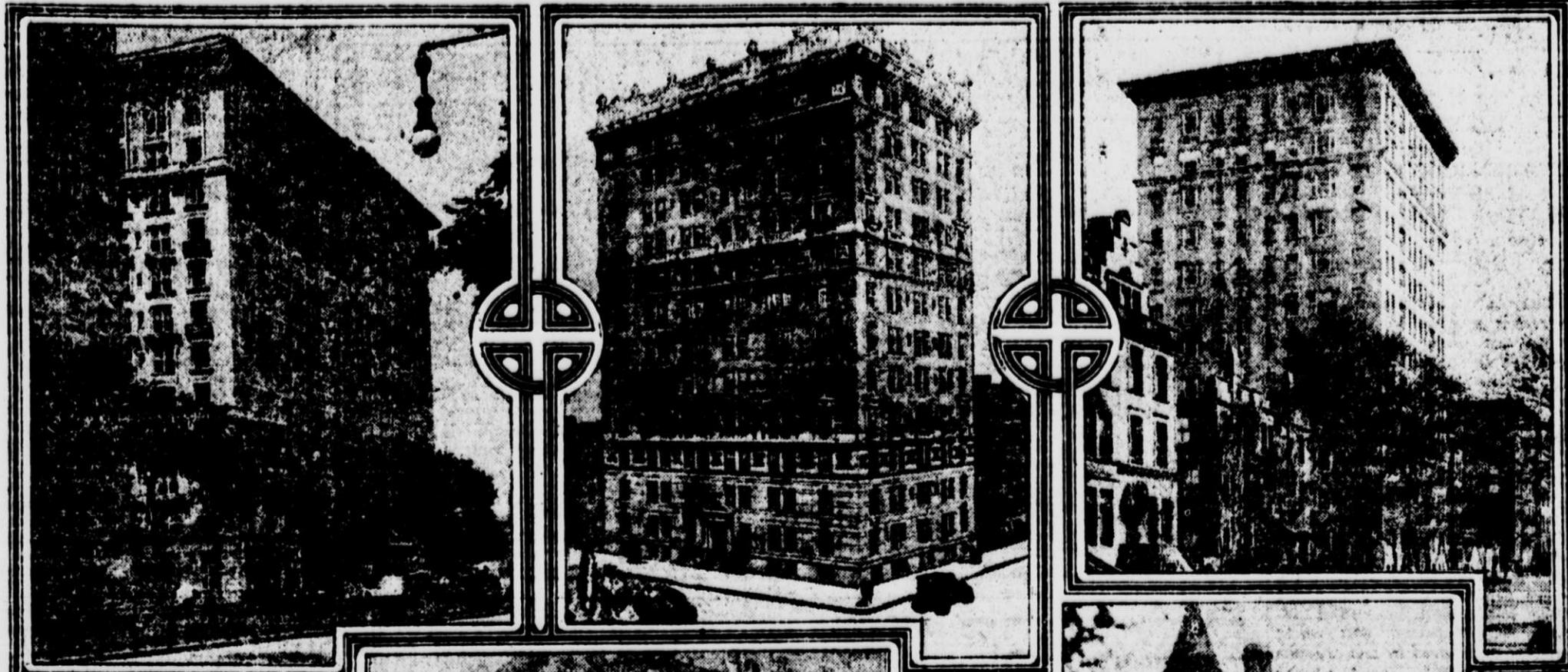
At lower rates, as low even as \$12 and \$15 a room a month, accommodations can be had right now in Manhattan which in many ways are superior to those offered ten or twelve years ago in the finest houses in the city.

It really is not that rents have advanced greatly for New York apartment houses; owners of the older buildings are getting less in net income from their buildings than ever before, and the newer houses are paying their large annual returns only because the builders set them higher to the air and from a much larger number of apartments to a house derive a greater income. Ten years ago six story apartments were the rule, but nobody would think of building a sumptuous house of six stories now, for the rents to be had from such a building would not pay the carrying charges.

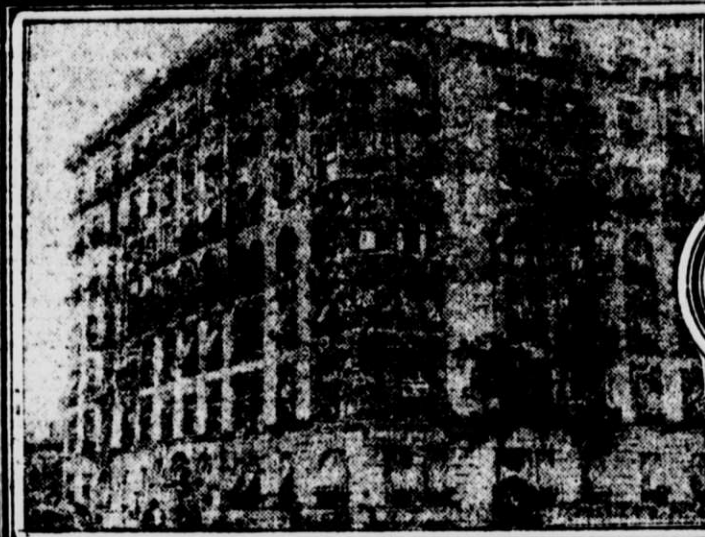
There are a number of reasons why apartment rentals in Manhattan cannot advance materially and these same reasons have been good in the past even as they are now. The first and principal reason is competition. Every year the builders of New York erect about so many new buildings with accommodations for so many families. For tenants these houses must look to other buildings and to the private residences. Their owners are forced to the strongest kind of competition and to win they must provide better than can be had elsewhere for an equal amount of money. So it is that each year some little improvement is added to apartment houses which may mean a slight additional expense to the owner, but this is his concession to his future tenants. Years ago, when apartment houses were still something of a novelty some builder conceived the idea of placing telephones in each of the apartments of his new house. That was the feature for that year and attracted many tenants. More recently the vacuum cleaner has been added and the refrigerator system, so year after year some detail was incorporated into the new buildings which made them more attractive than the older ones, but the increases they brought in rents were almost negligible.

Of course all these improvements were expensive, and with the increased assessments meaning higher taxes, and with building costs steadily mounting, there was nothing for the builder to do but add more stories to his new building, which could be done at comparatively small cost and get the added rents from the new stories. The fact is that the thing more he did which is the exception in the statement of present day value, he made most of his rooms considerably

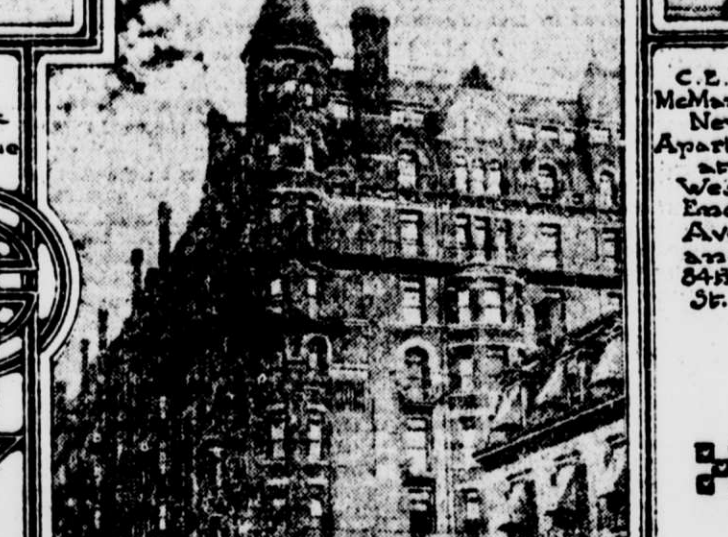
New and Old Types of High Class Manhattan Apartments



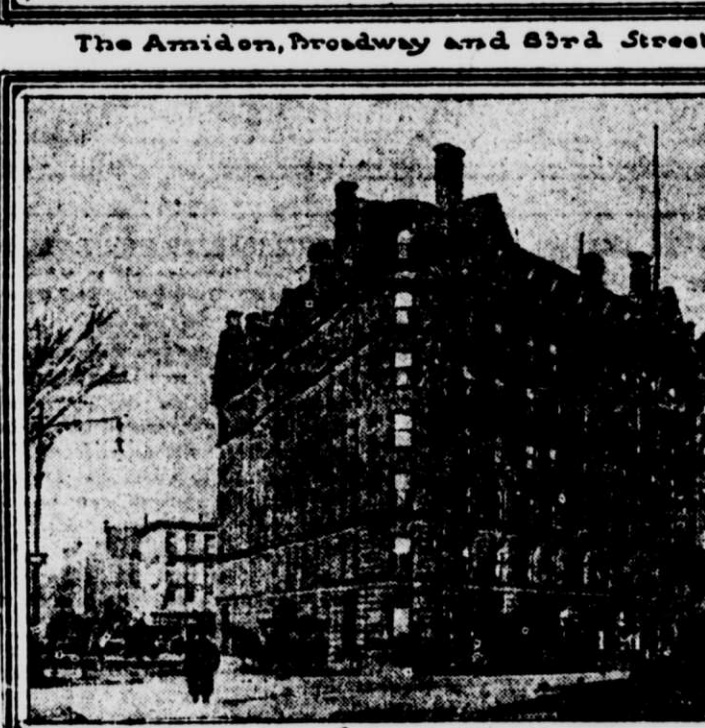
Regener-Nor at Broadway from 115th to 116th Street



405 Park Avenue



C.E. McManus' New Apartment at West End Ave and 84th St.



The Amidon, Broadway and 83rd Street.



The Madrid 7th Ave and 59th Street

smaller than he built them before, so that he was able to get more on each floor. He made also a closer examination of the available space and by sacrificing somewhat the beauty of his halls and the layout of his rooms he was able to use more of the available space than before. Aside from this feature of dimensions and height of rooms, however, present day houses show a distinct advance over those of a generation or less ago. Probably the greatest advance is in the absolute fireproofing of all modern houses of more than six stories. This development was the most radical of all, and led directly to the erection of the ten to fifteen story apartment. To many people, especially those who live the lives of typical New Yorkers whose apartment is home for a few months of the year only, the fact of a house being fireproof is worth all it costs in rent. It is not that insurance rates are so much lower on household goods within such a building, but there is a satisfaction in being able to leave one's apartment happy in the knowledge that it will be there with its furnishings when one wishes to return. It has been said that the arrangement of the modern apartment is not so good as that of years ago, but in one respect builders have made a distinct improvement. That is in the matter of servants' quarters. In many of the modern houses the arrangements for servants are better than in the average private dwelling, and this improvement has done a great deal to remedy the problem that confronted many housewives, keeping help. For their money fifteen years ago apartment tenants received their rooms, steam heating, hot water and janitor service. There were none of the modern conveniences which still freedom for the tenant from care and exertion. Even the shower bath is a comparatively modern institution, while the automatic mail chute, the electric dish warmer, the cedar clothes closet and the sanitary garbage disposal are just the little conveniences which the landlord throws in now for the same rent.

What cannot be denied is that rents in certain parts of the city have increased, but that applies only to the new houses. Land values have gone so high that it is no longer possible to build at a profit such buildings as the Nevada, the Madrid or the Amidon, or buildings which would call for even lower rents. To get the value of his investment a builder now is compelled to put up such a structure as will bring him such rents as those buildings brought when they were new. The man who can afford to pay not more than \$12 to \$15 a room is compelled to remove from the old sections which are now in demand by those who can pay higher. Even in the upper part of the city the cheaper houses are growing scarcer every year, but that is due not to the fact that landlords are increasing rents arbitrarily, but that the demand is growing for more elaborate houses and builders are catering to the demand.

Attractive Structure for West 46th Street



BUILDING FOR RETAIL TRADE.

Schneider-Anderson Co. to Occupy Part of 16th Street Structure.

Plans by Hazard, Erickson & Bladen, architects, have been filed for a new twelve-story store, loft and studio building on the lots 16-18 West Forty-sixth street, to be built for the 16-18 West Forty-sixth Street Company, William Everdell, Jr., president.

The building will be of the highest type of fireproof construction. With a frontage of 44 feet and a depth of 100 feet and with its facade designed in Italian Renaissance, this building will be the first high building in the block which many people predict soon will become the "Bond Street" of New York. The building will have exceptional light advantages owing to the low buildings which surround it, and also from the fact that large windows have been provided for on three sides of the building. The plans provide for an unusually large, unobstructed floor area, there being no central line of columns and only one free standing column in the entire building above the basement.

Another unusual feature of the building will be its equipment of three elevators, two high speed electric elevators for passengers and one freight elevator. Usually there are only two elevators in buildings of this width of frontage. The elevators and toilets will be extra large, and the equipment throughout the building will be of the highest type, it being the aim of the owners to give tenants the best and most up to date service possible. The very interesting facade is a most logical expression of the interior, with the show windows of the store on the ground floor, the three large arches on the third floor marking a large show room required by the lessees of the building, the next eight typical loft floors grouped together in one frame and the studio floor crowning the whole. The detail, and particularly the balcony on the third floor with its green, should have an excellent effect. The two lower floors are to be of white Vermont marble, the rest of the building of white terra cotta mott finish.

The entire building has been leased for a term of twenty-one years by the Schneider-Anderson Company, who will themselves occupy a portion of the building. The store and upper floors not occupied by the Schneider-Anderson Company will be leased to other tenants. McCarthy & Fellows, who were the brokers in the sale of the ground and the subsequent leasing of the building from the plans, will act as agents for the building.

MANHATTAN CLUB'S PROBLEM.

Details will be found on another page of the question as to whether the members of the Manhattan Club whether to purchase their present home at the southeast corner of Madison and 46th streets, or whether to accept the offer of Mr. Havens to lease then their property at the southeast corner of Madison Avenue and 46th Street.

AUCTION BIDDERS MULCTED IN COURT

Have to Pay \$75,000 More Than Price They Intended for Broadway Property.

Real estate men are mightily interested in a decision of the Appellate Division of the Supreme Court handed down last week by which members of one of the well known realty companies find themselves in difficulties owing to a misunderstanding of the terms of sale in a recent purchase at auction. It seems that the buyers bid a price subject to a mortgage when they should have bid over and above a mortgage. The result is that while they claim to have paid a certain price for the property the referee holds them for that price plus the amount of the mortgage, and the courts sustain the referee.

The case is that of the Ess Eff Realty Company, of which Solon Frank is president and Samuel Frank secretary, who on February 29 of this year bid \$132,200 for the property at 537 Broadway, west side, 75 feet north of Spring street. The property was offered in partition, and carried a mortgage for \$75,000. The realty company were the successful bidders, and on the property being struck down to them gave the referee a check for the usual 10 per cent. of the purchase price, amounting in this case to \$13,220.

When some time later they came together for closing the deal the purchasers offered the rest of the amount they bid less \$75,000, the amount of the mortgage. The referee refused to accept the amount and the case was carried to the courts, where the view of the referee was sustained. Not satisfied with this decision the realty company appealed, with the result of the decision handed down last week.

To real estate men the case is interesting as overthrowing a custom which has prevailed in the auction market for many years of taking all bids as though the property were free and clear and afterward deducting the amount of the mortgage. It is further interesting as showing how slipshod methods do sometimes creep into the auction room, where, it would seem as a result of this case, even expert real estate men can make costly errors.

asserted that the amount of the mortgage would be allowed from out the bid or purchase price, but this is denied by some other persons who attended the sale. The plaintiffs also claimed that it was a custom of the auction room to sell property as though free and clear, but the upper court states that there is doubt whether such a custom exists. That the custom does exist is indicated by the fact that various persons in the auction room on the day of sale thought the property had been sold for an actual price of \$132,200, and so it was reported in all the newspapers. It is stated by several onlookers that neither the auctioneer nor referee at any time during the accepting of bids stated that the price offered was in excess of the \$75,000 mortgage.

The property is in a section where values have been receding during the last few years on account of removals of large wholesale firms to the new uptown loft section. It is assessed for taxation at \$150,000. Had the realty company been bidding above the mortgage they would have offered according to the courts \$207,200 for the parcel, which operators of their standing probably would not do.

In their appeal to the Appellate Division the realty company ask to be relieved of their contract on the ground of mistake, but the court holds that the mistake was not mutual and denies the application. The court states that "if applicant's contention were correct the purchase money to be paid was not \$132,200 but \$132,200 less \$75,000, with interest thereon for a period of about two months. Yet we do not find the purchaser paying 10 per cent. of this reduced sum, amounting to a little more than \$5,000, but on the contrary \$13,220. If this is 10 per cent. of \$132,200 the price to be paid, a sum nine times as great will be the residue thereof."

The ruling is most unusual and will cause auction purchasers to be on their guard in future.

SALES IN BROOKLYN.

J. Newton Osorio has purchased from A. C. Cohen the block front on the east side of Second Avenue between Fifty-sixth and Fifty-seventh streets, Brooklyn, consisting of ten lots, 20x100. The buyer will erect two and three family houses on the property.

The Bulkeley & Horton Company has sold for Mrs. Carrie E. Osborne 666 Bergen street, between 10th and Franklin avenues, a two-story frame house on lot 10x11. Frank A. Seaver has sold two lots on the south side of Seventh Street, 100 feet east from 16th Avenue for B. L. Sienon to the Johnson Construction Company for improvement with two family brick houses. Charles N. Niles has purchased through Arthur H. Strong and Ocean Parkway, a three-story frame dwelling on lot 10x11, 200 feet north of Avenue J.

LORRAINE LEASE RENEWED.

Fifth Avenue Hotel to Be Continued in Its Present Form.

The United States Mortgage & Trust Company, as substitute trustee under the will of Matthew Byrne, has renewed for a long term of years the lease of the Lorraine Hotel, at the southeast corner of Fifth Avenue and Forty-fifth street, to George C. Howe and George Orvis. This is the culmination of long negotiations by different interests to secure this property.

The lessees have managed the hotel for ten years. The Lorraine is a twelve-story cellar and sub-basement apartment hotel with stores on the Fifth Avenue side, and occupies a plot of seventy-five feet five inches on Fifth Avenue and 150 feet on Forty-fifth street, and contains about 150 rooms. Recently there has been some talk of the property being converted for business purposes.

BUYS SITE FOR LOFTS.

Builder Gets Land on Thirty-second Street Near Fourth Avenue.

The Seach Realty Company, William H. Seach, president, has sold the three four story buildings on plot 70x98.9 at 38 to 42 East Thirty-second street, 130 feet west of Fourth Avenue and directly opposite the Park Avenue Hotel.

The buyer is understood to be Ole Olsson, who plans to erect a sixteen story store and loft building. The property just sold is assessed by the city at \$208,000. Mr. Seach owned 30 and 42 for some time and acquired 38 from Annie J. Dade last February.

OTHER MANHATTAN SALES.

HAMILTON TERRACE—Moore, Schutte & Co. have sold for George E. Pendleton to a client for occupancy 27 Hamilton terrace, a four story American basement dwelling on lot 17x78. It brought almost \$20,000.

FIRST AVENUE—Mary Nurse has sold to Aaron Stuber for \$18,200 the four story tenement with stores, on lot 20x50 at 123 First Avenue, 77.6 feet north of Seventh street.

EAST 103D STREET—William Hutter has sold for S. Froehlichstein 163 East 103d street, a four story tenement on lot 25x100.11.

\$800,000 APARTMENT HOUSES.

On the west side of Broadway, between 160th and 161st streets, are to be erected two ten story apartment houses for the Herbert Donant Construction Company. They will have a frontage of 90.11 feet and a depth of 115 feet with facades of limestone and brick above. They will each have second floor porches and will be well equipped for forty-eight families. Neville & Buge, the architects for the company, have estimated the cost at \$800,000.

LOFTS ON CRAM PLOTS.

Plans have been filed with the Building Bureau for the construction of a twelve story store and loft building at 6 East Thirty-second street, running from the block to East Thirty-eighth street, having a frontage of 27.8 feet on each street. The building will be fireproof and have a facade of brick and terra cotta. The property is owned by J. Serrano & Co. and the six East Thirty-second Street Company is the lessee. Muliken & Mueller are the architects, and have estimated the cost at \$250,000.

DWELLING TO BE ALTERED.

The four story private dwelling at the southeast corner of Lexington Avenue and Seventy-second street, is to be made over into stores and bachelor apartments for the Lowell Realty Company at an estimated cost of \$50,000. Schwartz & Gross are the architects.

SCIENCE IN MANAGING CURES MANY ABUSES

Owners Take Kindly to the New Method for Handling Income Properties.

NO CHANCE FOR GRAFT

Returns From Buildings Grow When System Is Applied to Their Management.

Scientific management is a term in which real estate owners are coming to be mightily interested. From the sound of it one gathers that there is some way in which properties can be managed to pay better return than is had by the old-fashioned, unsystematic methods. With taxes mounting yearly, the cost of help constantly increasing and the expense of maintenance going up all the time, property owners are not averse to consulting up to date managers, getting their views and then giving them a chance to demonstrate their ability to produce better results by their scientific methods.

Scientific management does not consist of having an engineer go over the plant, make recommendations and install expensive improvements. It is simply a method of getting out of a property all there is in it at the lowest cost to the owner. It means chiefly personal supervision by one skilled in the handling of estate properties, and the application of honesty and honest methods in the handling of help and the purchase of supplies. Really there is no great amount of science used in such management, but rather intelligent and honest management.

Office buildings, lots and apartments are the three classes of property to which scientific management can be applied. In these various kinds of property it is necessary to employ help, purchase many supplies and give an amount of service to tenants. This matter of the help is by far the most important, for between a first class superintendent and a poor one there is the difference of many dollars in net income from a given property. On the help rests the responsibility for good maintenance, and no building that is handled in such manner as to displease tenants can be expected to pay its full return.

It used to be the superintendent was the chief manager of a property, collected the rents, arranged for all repairs, purchased all supplies, made arrangements for whatever the tenants needed in the way of ice, toilet supplies and the like, and hired all of his assistants. All that is changed under the modern scientific management. It is the rule for superintendents now to operate the buildings under the direct supervision of the agent with the result that all of the avenues by which the superintendent formerly increased his income are closed.

It is reported that one Manhattan building, which should normally show a net return of 8 per cent. last year brought \$11,000. The owner was so vexed that he consulted a scientific manager, who found that the superintendent who ordered all supplies placed his orders with the various concerns and so he obtained the greatest commissions. The supply people made up for these losses by increasing their prices and by giving short weights. Besides this the superintendent purchased inferior goods and in consequence had to buy greater quantities. Also it was found upon investigation that the building was run by almost default as many persons were actually needed to give first class service. It was found too that tenants got satisfactory service found it necessary to make frequent calls on the superintendent. Many who refused to do so had become so aggrieved that they moved at the end of their terms and the landlord lost large amounts from vacancies.

Probably this is an extreme case, but it serves to point out the various abuses which are bound to appear in a city of so many large buildings, where owners, under the old management, could not see money, turn their properties over to irresponsible individuals. The charge of the scientific manager is from 2 to 5 per cent. of the gross rents, according to the grade of property managed, and by modern methods employed he is able to demonstrate a saving of not less than the amount he asks for his services, while in some cases he has been able to show a saving of 50 per cent. He holds out the added inducement of placing the property on a permanent good income basis by satisfying the tenants and causing them to remain.

The scientific manager has no written book of rules. Every building is a new problem to him, and he has to make a special treatment. If the building he has in hand is a new one he generally places in it a permanent renting agent who is qualified for the place. Such men are college graduates and have the ability to meet and talk to prospective tenants and to give them good impressions even though they do not know much about real estate. Where the largest saving is made is in the matter of supplies. In the well managed building not one cent's worth of anything can be ordered by any one but the agent himself and such a set of vouchers is kept that overcharging is impossible. Agents having many properties to manage save a considerable amount for each owner every year in the matter of coal alone. It is the custom of the larger agencies to ask for bids from several concerns at the beginning of the season for supplies to cover all their properties. The prices obtained for large quantities usually represent a material saving. All other supplies are purchased in large quantities at wholesale prices, and as used are charged against the properties using them at the cost prices.

In connection with the active management of a property it is a part of the agent's duties also to keep the owner informed as to outside matters affecting his building. He sees that the tax bills are correct and that the owner is informed of rebates, that water bills are right and promptly paid to escape penalties and that the various ordinances of the city are complied with, so that the owner is in no danger of being notified of the agent through his engineer, ing and repair department is able to make such small, inexpensive changes as will materially reduce insurance rates. Scientific managers are careful not to allow owners directly, but indirectly, by helping tenants. In these days